

RULES CHANGE COMMITTEE

Proposed Amendments to the WESM Rules and WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manual

Effective Date : 02 July 2024

Page : 1 of 7

WHEREAS, the WESM Rules and WESM Manual on Procedures for Changes to the WESM Rules, Retail Rules and Market Manuals (Rules Change Manual) provides the processes for the amendment, review and interpretation of the WESM Rules, the Retail Rules and of the Market Manuals, as well as the adoption of new Market Manuals;

WHEREAS, Clause 8.4.1 of the WESM Rules and Section 3 of the Rules Change Manual detail the classification of proposals as Urgent, Minor, and General Proposals;

WHEREAS, Urgent Proposals are proposals needed to avoid, reduce the risk of, or mitigate the adverse effects of certain conditions on the ability of the power system to function normally, abuse of market power or anti-competitive behavior, unintended adverse effect of the WESM Rules, Retail Rules and Market Manuals (or any of its amendments), and to facilitate the implementation of any regulation, circular, order or issuance of the DOE or ERC pursuant to the EPIRA;

WHEREAS, General Proposals are proposals which do not otherwise qualify as either minor amendments or urgent amendments;

WHEREAS, the Rules Change Committee (RCC) reviewed the procedures for changes to the WESM Rules, Retail Rules, and Market Manuals concerning the effectivity of urgent amendments and the process of general amendments.

WHEREAS, during the 229th RCC (Regular) Meeting last 15 March 2024, the RCC deliberated on the draft proposal to revise the period of validity and implementation of urgent amendments, as well as the deliberation period on general amendments, which seek to:

A. WESM Rules

- 1.) Revise the period of validity and implementation from current six (6) months timeline upon approval of the PEM Board to until the DOE has approved the corresponding general amendment;

B. WESM Rules Change Manual

- 1.) To harmonize with the amendment in the WESM Rules and delete the provisions on extension of effectivity.
- 2.) Reflect a more realistic period wherein the RCC shall make its decision regarding a proposal.

WHEREAS, during the same meeting, the RCC agreed to publish the proposal on the PEMC website as a general amendment for solicitation of comments from WESM Members and stakeholders;

WHEREAS, following the 30-day commenting period from 03 April 2024 to 16 May 2024, comments were received from Manila Electric Company (MERALCO).

WHEREAS, during the 232nd RCC (Regular) Meeting last 21 June 2024, the RCC discussed the comments and agreed on the following:

Proposed Amendments to the WESM Rules and WESM Manual
on Procedures for Changes to the WESM Rules, Retail Rules and Market Manual

- To ensure that the PEM Board is fully aware of the status of the approved Urgent Amendment and its corresponding General Amendment, the RCC's monthly status report to the PEM Board, that is being submitted in accordance with Section 6.1.5 of the Rules Change Manual, shall include the status of such amendments;
- By vote¹, retain the proposed timeline under said section for the RCC to make its decision and submit its resolution to the PEM Board sixty (60) working days from the deadline of written submissions pursuant to Section 6.1.2 (a). This is to ensure that the RCC has sufficient time to deliberate on such proposals and that the Market Assessment Group (MAG) can consider the comments received in its assessment report (per Clause 7.4 (b) of the Rules Change Manual);

WHEREAS, during the said meeting, the RCC provisionally approved and finalized the proposed amendments on the WESM Rules and Rules Change Manual;

NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve as follows:

RESOLVED, that the RCC approve, as amended, the Proposed Amendment to the WESM Rules and WESM Rules Change Manual attached as Annex A;

RESOLVED FURTHER, that the said Proposed Amendment to the WESM Rules and WESM Rules Change Manual are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for promulgation.

Done this day of **02 July** 2024, Pasig City

¹ On the inclusion of MERALCO's proposed timeline under Section 6.1.5: ten (10) voted disagree – Morallos, Anosan, Fernando, Orillaza, Claudio, Banzon, Javier, Alabado, Dela Cruz and Ortiz, and two (2) voted agree – Morales and Fortich.



Proposed Amendments to the WESM Rules and WESM Manual
on Procedures for Changes to the WESM Rules, Retail Rules and Market Manual

Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
 JESUSITO G. MORALLOS Chairperson	 JOSE RODERICK F. FERNANDO
 RACHEL ANGELA P. ANOSAN	 JORDAN REL C. ORILLAZA
Generation Sector Members:	
 DIXIE ANTHONY R. BANZON Masinloc Power Partners Co. Ltd. (MPPCL)	 CHERRY A. JAVIER Aboitiz Power Corp. (APC)
 CARLITO C. CLAUDIO Millennium Energy, Inc./ Panasia Energy, Inc. (MEI/PEI)	 MARK D. HABANA Vivant Corporation - Philippines (Vivant)
Distribution Sector Members:	
 RYAN S. MORALES Manila Electric Company (MERALCO)	 VIRGILIO C. FORTICH, JR. Cebu III Electric Cooperative, Inc. (CEBECO III)
 NELSON M. DELA CRUZ Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)	 RUSSEL S. ALABADO Angeles Electric Corporation (AEC)



Proposed Amendments to the WESM Rules and WESM Manual
on Procedures for Changes to the WESM Rules, Retail Rules and Market Manual

Supply Sector Member:


GIAN KARLA C. GUTIERREZ
First Gen Corporation
(FGC)

Market Operator Member:


ISIDRO E. CACHO, JR.
Independent Electricity Market Operator of the Philippines
(IEMOP)

System Operator Member:


DARRYL A. ORTIZ
National Grid Corporation of the Philippines
(NGCP)



Annex A

WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale
Chapter 8 – Rule Change 8.4 Consideration of Proposals to Change WESM Rules or Market Manuals or to Adopt New Market Manuals by the Rules Change Committee 8.4.1 Rules Change Classification Procedures	8.4.1.1 (a)	(a) x x x “Provided further that the urgent amendments shall be implementable on the affected WESM/Retail operations and/or transactions within the period of six (6) months subject to the conformation of the Market Operator”	(a) x x x “Provided further that the urgent amendments shall be implementable on the affected WESM/Retail operations and/or transactions within the period of six (6) months subject to the conformation of the Market Operator” <u>until the final decision by the DOE on the corresponding general amendment.</u>	To allow sufficient time for the approval and promulgation of corresponding general proposal
Chapter 8 – Rule Change 8.4 Consideration of Proposals to Change WESM Rules or Market Manuals or to Adopt New Market Manuals by the Rules Change Committee 8.4.1 Rules Change Classification Procedures	8.4.1.2	x x x In cases of changes to the WESM Rules, Market Manuals or the adoption of new Market Manuals, implemented pursuant to WESM Rules Clause 8.4.1.1 (a) prior to DOE's approval, shall be processed and submitted to the DOE for final approval; otherwise, the effectivity of such WESM Rules changes shall be no more than six (6) months from the PEM Board approval	x x x In cases of changes to the WESM Rules, Market Manuals or the adoption of new Market Manuals, implemented pursuant to WESM Rules Clause 8.4.1.1 (a) prior to DOE's approval, shall be processed and submitted to the DOE for final approval; otherwise, the effectivity of such WESM Rules changes shall be no more than six (6) months from the PEM Board approval <u>The effectivity of these changes will be until the final decision by the DOE on the corresponding general amendment.</u>	To allow sufficient time for the approval and promulgation of corresponding general proposal



WESM Rules Change Manual

Title	Section	Provision	Proposed Amendment	Rationale
Decision/Recommendations of the Rules Change Committee	6.1.5	a) The Rules Change Committee shall make its decision and shall submit its resolution or status report to the PEM Board not later than sixty (60) working days from the date of publication of the notice made pursuant to Section 6.1.2 (a). XXX	a) The Rules Change Committee shall make its decision and shall submit its resolution or status report to the PEM Board not later than sixty (60) working days from the <u>deadline of written submissions</u> date of publication of the notice made pursuant to Section 6.1.2 (a). XXX	To reflect a more realistic period wherein the RCC shall make its decision regarding a proposal. Noting that after receiving all the written submissions during the thirty (30) working day commenting period, the RCC needs sixty (60) working days – an average of two (2) RCC meetings – for the deliberation of a general proposal.
Chapter 7 – Urgent Amendments 7.4 Effectivity of Urgent Amendment	7.4 (a) & (b)	(a) The approved urgent amendment shall become effective within twenty-four (24) hours upon publication of the relevant Rules and/or <i>Market Manual</i> (s) in the market information website and Governance Arm website. The Governance Arm and <i>Market Operator</i> shall issue an advisory to the participants of the date of its effectivity. The Governance Arm and <i>Market Operator</i> shall publish the amendments within twenty-four (24) hours from its approval and advisories shall be made through email, the market information website and the Governance Arm website. (b) The amendment shall be effective for a period of not more than six (6) months from	(a) The approved urgent amendment shall become effective within twenty-four (24) hours upon publication of the relevant Rules and/or <i>Market Manual</i> (s) in the market information website and Governance Arm website. The Governance Arm and <i>Market Operator</i> shall issue an advisory to the participants of the date of its effectivity. The Governance Arm and <i>Market Operator</i> shall publish the amendments within twenty-four (24) hours from its approval and advisories shall be made through email, the market information website and the Governance Arm website. (b) The amendment shall be effective for a period of not more than six (6) months from	To harmonize with the amendments in WESM Rules Note: Inclusion of 7.4 (a) for clarity of start of effectivity for an urgent amendment in relation to the deletion of phrase ' <i>from publication for under subsection (a) hereof</i> ' on 7.4 (b)



Title	Section	Provision	Proposed Amendment	Rationale
		publication provided for under subsection (a) hereof or until such time that a general amendment on the same matter has been approved and become effective, whichever comes first.	publication provided for under subsection (a) hereof or until such time that a the final decision by the DOE on the general amendment on the same matter, has been approved and become effective, whichever comes first.	
Chapter 7 – Urgent Amendments 7.4 Effectivity of Urgent Amendment	7.4 (g)	x x x (g) On the basis of the assessment conducted by the Market Assessment Group, the PEM Board may extend the effectivity of urgent amendments only once for up to six (6) months and shall inform the DOE of such extension.	x x x (g) On the basis of the assessment conducted by the Market Assessment Group, the PEM Board may extend the effectivity of urgent amendments only once for up to six (6) months and shall inform the DOE of such extension.	With the proposed amendments in WESM Rules and Clause 7.4 (b) of this manual, extension of effectivity of urgent amendments will not be necessary. Note that the MAG will still submit the assessment on the implementation of urgent amendments under Clause 7.4 (f) of this manual

